
March 21, 2005 Commission Meeting Summary

ITEM #

- 1. Public Comment.** *The Commission received public comment from Ned Wigglesworth.*
- 2. Resolution of the Commission Honoring the Service of Tom Knox to the State of California.** *Adopted.*
- 3. Resolution of the Commission Honoring the Service of Pamela Karlan to the State of California.** *Adopted.*

CONSENT ITEMS

- 4. Approval of the February 10, 2005, Commission Meeting Minutes.** *Approved.*

Campaign Reporting Violations

- 5. In the Matter of David E. Gunn and Friends of David Gunn, FPPC No. 02/630.** Staff: Senior Commission Counsel William L. Williams, Jr. and Investigator II Charlie Bilyeu. Respondents David E. Gunn and Friends of David Gunn violated the Political Reform Act by failing to maintain records of employer and occupation information for contributors and failing to disclose employer and occupation information on campaign statements, in violation of Government Code sections 84104 and 84211 (2 counts). *Approved; \$2,000 fine.*
- 6. In the Matter of No Tax Money for Political Campaigns, No on Prop. O and James Sutton, FPPC No. 01/151.** Staff: Senior Commission Counsel William L. Williams, Jr. and Investigator II Charlie Bilyeu. Respondents No Tax Money for Political Campaigns, No on Prop. O and James Sutton violated the Political Reform Act by failing to timely file a pre-election campaign statement, in violation of Government Code section 84200.5, subdivision (b) (1 count). *Approved; \$1,500 fine.*
- 7. In the Matter of Douglas Sanders and Committee to Elect Douglas Sanders, FPPC No. 01/640.** Staff: Senior Commission Counsel Melodee A. Mathay and Investigator II Charlie Bilyeu. Respondent Douglas Sanders, was a successful candidate Treasurer of the City of Compton in the April 17, 2001 city election. Respondent Committee to Elect Douglas Sanders was the controlled campaign committee of Respondent Sanders, and Respondent Sanders served as the treasurer of that committee. In connection with the April 17, 2001 election, Respondents failed to timely file a second pre-election campaign statement, in violation of Government Code section 84200.5, subdivision (c) (1 count). *Approved; \$2,500 fine.*

- 8. In the Matter of Foothill-De Anza Community Colleges Foundation, FPPC No. 04/593.** Staff: Senior Commission Counsel Deanne Canar and Supervising Investigator Dennis Pellón. Respondent Foothill-De Anza Community Colleges Foundation is a tax-exempt public benefit corporation, established to raise and invest funds to support Foothill and De Anza colleges, which are part of the Foothill-De Anza Community College District. Respondent failed to disclose a late contribution in a properly filed late contribution report, in violation of Government Code section 84203, subdivision (a) (1 count); and failed to file a semi-annual campaign statement, in violation of Government Code section 84200, subdivision (b) (1 count). *Approved; \$4,000 fine.*
- 9. In the Matter of Citizens for Foothill-De Anza, a Committee to Support Measure E, and Robert A. Grimm, FPPC No. 04/595.** Staff: Senior Commission Counsel Deanne Canar and Supervising Investigator Dennis Pellón. Respondent Citizens for Foothill-De Anza, a Committee to Support Measure E, was a committee primarily formed to support a bond measure placed on the November 1999 Santa Clara County ballot by the Foothill-De Anza Community College District. Robert A. Grimm was the treasurer of Respondent Committee. Respondents failed to send major donor notification letters to contributors of \$5,000 or more, in violation of Government Code section 84105 (5 counts); failed to disclose the receipt, repayment, and forgiveness of a loan, in violation of Government Code sections 84211, subdivision (f), and 84216 (3 counts); and failed to disclose non-monetary contributions, in violation of Government Code section 84211, subdivision (f) (1 count). *Approved; \$12,000 fine.*
- 10. In the Matter of C. Terry Brown, Charlene A. Brown, and Atlas Hotels, Inc., FPPC No. 03/514.** Staff: Commission Counsel Elizabeth K. Conti and Political Reform Consultant II Maryann Kvasager. Respondent C. Terry Brown and Charlene A. Brown are principles of Respondent Atlas Hotels, Inc., a Delaware corporation that owns the Town and Country Resort in San Diego. Respondents failed to timely disclose a late contribution in a properly filed paper late contribution report, in violation of Government Code section 84203, subdivision (a)(1 count); and failed to timely disclose a late contribution in a properly filed electronic late contribution report, in violation of Government Code section 84605, subdivision (a) (1 count). *Approved; \$15,000 fine.*
- 11. In the Matter of Beneto, Inc. and Steve Beneto, Jr., FPPC No. 02/1020.** Staff: Elizabeth K. Conti and Political Reform Consultant II Mary Ann Kvasager. Respondent Steve Beneto, Jr. is the president of Respondent Beneto, Inc., a petroleum products transportation company based in West Sacramento. Respondents failed to timely disclose a late contribution in a properly filed paper late contribution report, in violation of Government Code section 84203, subdivision (a) (1 count); failed to timely disclose a late contribution in a properly filed electronic late contribution report, in violation of Government Code section 84605, subdivision (a) (1 count); failed to timely file a paper semi-annual campaign statement, in violation of Government Code section 84200, subdivision (b) (1 count); and failed to timely file an electronic semi-annual campaign statement, in violation of Government Code section 84605, subdivision (a) (1 count). *Approved; \$12,500 fine.*

12. In the Matter of William A. Robinson, FPPC No. 04/164. Staff: Commission Counsel Elizabeth K. Conti and Political Reform Consultant II Mary Ann Kvasager. Respondent William A. Robinson, a resident of Los Angeles, failed to timely disclose a late contribution in a properly filed late contribution report, in violation of Government Code section 84203, subdivision (a) (1 count); and failed to timely disclose a late contribution in a properly filed electronic late contribution report, in violation of Government Code section 84605, subdivision (a) (1 count). *Approved; \$10,000 fine.*

13. In the Matter of Linda Davis and Linda Davis for State Assembly, FPPC No. 00/163. Staff: Senior Commission Counsel Julia Bilaver. Respondent Linda Davis was an unsuccessful candidate for the 5th Assembly District of the California State Assembly in the November 3, 1998 municipal general election. Respondent Linda Davis for State Assembly was the controlled committee of Respondent Linda Davis. Respondents failed to maintain detailed accounts, records, bills, and receipts that were necessary to prepare a second pre-election campaign statement, in violation of Government Code section 84104 (1 count). *Approved; \$1,000 fine.*

14. In the Matter of Robert C. Kagle, FPPC No. 04/144. Staff: Commission Counsel Elizabeth K. Conti and Political Reform Consultant II Mary Ann Kvasager. Respondent Robert C. Kagle, a private investor who resides in San Mateo County, failed to disclose a late contribution on a properly filed late contribution report, in violation of Government Code section 84203, subdivision (a) (1 count). *Approved; \$4,240 fine.*

Statements of Economic Interests

15. In the Matter of Wallace Bill Moore, FPPC No. 01/628. Staff: Senior Commission Counsel Melodee A. Mathay and Investigator III Dan Schek. Respondent Wallace Bill Moore, of Santa Rosa, is a member of the Diversion Evaluation Committee for the Dental Board of California. As a committee member, Respondent failed to timely file his assuming office statement of economic interests, in violation of Government Code section 87300 (1 count), and failed to timely file two annual statements of economic interests, in violation of Government Code section 87300 (2 counts). *Approved; \$3,000 fine.*

Sender Identification Violation

16. In the Matter of Newsom for Mayor, Gavin Newsom, and Laurence Pelosi, FPPC No. 03/844. Staff: Senior Commission Counsel William L. Williams, Jr. and Investigator III Dan Schek. Respondent Gavin Newsom was a successful candidate for Mayor of the City and County of San Francisco. Newsom for Mayor was the controlled committee of Respondent Newsom. Respondent Laurence Pelosi was the treasurer of Respondent Committee. Respondents sent a mass mailing that did not include proper sender identification, in violation of Government Code section 84305 (1 count). *Approved; \$2,500 fine.*

Major Donor - Streamlined Procedure

17. Failure to Timely File Major Donor Campaign Statements. Staff: Chief Investigator Sue Straine and Political Reform Consultant Mary Ann Kvasager. The following persons and entities have entered into stipulations for failing to file major donor campaign statements that were due during the calendar years of 2003 and 2004, in violation of Government Code Section 84200:

- a. **In the Matter of Cardinal Capital LLC, FPPC No. 04/805.** Cardinal Capital LLC of Hillsborough failed to timely file a semi-annual campaign statement disclosing contributions totaling \$10,000.00 in 2003 (1 count). *Approved; \$400 fine.*
- b. **In the Matter of La Posta Band of Mission Indians, FPPC No. 04/808.** La Posta Band of Mission Indians of Boulevard failed to timely file a semi-annual campaign statement disclosing contributions totaling \$55,000.00 in 2003 (1 count). *Approved; \$400 fine.*
- c. **In the Matter of Devito Family Trust, FPPC No. 04/812.** Devito Family Trust of Los Angeles failed to timely file a semi-annual campaign statement disclosing contributions totaling \$10,000.00 in 2003 (1 count). *Approved; \$400 fine.*
- d. **In the Matter of Global Marketing & Technical Services, FPPC No. 04/814.** Global Marketing & Technical Services of Fresno failed to timely file a semi-annual campaign statement disclosing contributions totaling \$10,000.00 in 2003 (1 count). *Approved; \$400 fine.*
- e. **In the Matter of St. Ann Hospice Home Care, Inc., FPPC No. 04/816.** St. Ann Hospice Home Care, Inc. of Glendale failed to timely file a semi-annual campaign statement disclosing contributions totaling \$20,000.00 in 2003 (1 count). *Approved; \$400 fine.*
- f. **In the Matter of Asian Pacific American Legal Center of Southern California, FPPC No. 05/077.** Asian Pacific American Legal Center of Southern California, located in Los Angeles, failed to timely file a semi-annual campaign statement disclosing contributions totaling \$10,000.00 in 2003 (1 count). *Approved; \$400 fine.*
- g. **In the Matter of Best, Best & Krieger, LLP, FPPC No. 05/106.** Best, Best & Krieger, LLP of Riverside failed to timely file a semi-annual campaign statement disclosing contributions totaling \$57,223.00 in 2004 (1 count). *Approved; \$972.23 fine.*

Late Contribution – Streamlined Program

18. Failure to Timely File Late Contribution Reports – Proactive Program. Staff: Chief Investigator Sue Straine and Political Reform Consultant Mary Ann Kvasager. The following persons and entities have entered into stipulations for failing to file late contribution reports in 2003, in violation of Government Code Section 84203:

- a. **In the Matter of Katherine Alden, FPPC No. 04/761.** Katherine Alden of Menlo Park failed to timely disclose a late contribution totaling \$13,000.00 (1 count). *Approved; \$1,950 fine.*
- b. **In the Matter of Hispanic Democratic Organization, FPPC No. 04/764.** Hispanic Democratic Organization of Chicago, Illinois failed to timely disclose a late contribution totaling \$16,200.00 (1 count). *Approved; \$2,430 fine.*
- c. **In the Matter of Gary Dillabough, FPPC No. 04/770.** Gary Dillabough of Los Altos failed to timely disclose a late contribution totaling \$10,000.00 (1 count). *Approved; \$1,500 fine.*
- d. **In the Matter of Intuit Company, FPPC No. 04/773.** Intuit Company of San Diego failed to timely disclose a late contribution totaling \$10,000.00 (1 count). *Approved; \$1,500 fine.*
- e. **In the Matter of Desert Valley Medical Group, FPPC No. 04/776.** Desert Valley Medical Group of Victorville failed to timely disclose late contributions totaling \$27,000.00 (2 counts). *Approved; \$4,050 fine.*

Statement of Economic Interests – Streamlined Program

19. Failure to Timely File Statements of Economic Interests. Staff: Political Reform Consultant Linda Denly. The following persons have entered into stipulations for failing to timely file statements of economic interests, in violation of Government Code sections 87202, 87203, 87204 or 87300:

- a. **In the Matter of Thomas Kravis, FPPC No. 02/935.** Thomas Kravis, a board member with the Department of Consumer Affairs' Board of Registered Nursing, failed to timely file the 2001 annual statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved; \$250 fine.*
- b. **In the Matter of J.P. Patel, FPPC No. 04/636.** J.P. Patel, a commissioner for the California Travel & Tourism Commission, failed to timely file an assuming office statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved; \$100 fine.*
- c. **In the Matter of Bob Barnhouse, FPPC No. 05/081.** Bob Barnhouse, a commissioner for the California Strawberry Commission, failed to timely file an assuming office statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved; \$100 fine.*
- d. **In the Matter of Jay Howell, FPPC No. 03/057.** Jay Howell, a member for the Sonoma County Community Development Commission, Project Area Committee, failed to timely file the 2001 & 2003 annual statements of

economic interests, in violation of Government Code section 87300 (2 counts). ***Approved; \$500 fine.***

- e. **In the Matter of Kenneth K. Nishi, FPPC No. 04/539.** Kenneth K. Nishi, a director for the Monterey County Marina Coast Water District, failed to timely file the 2001, 2002 and 2003 annual statements of economic interests, in violation of Government Code section 87300 (3 counts). ***Approved; \$300 fine.***

ACTION ITEMS

Regulations

- 20. Adoption of Proposed Regulatory Amendments to the "Gift Cluster" Regulations 18941.1, 18946, 18946.1, 18946.2, and 18946.4; and adoption of regulation 18640.** Staff: Commission Counsel William J. Lenkeit and General Counsel Luisa Menchaca. The Commission is considering amendments to the gift regulations containing the methods used for determining the value of the gift received in attending certain events. Amendments to regulation 18946 would define "face value," "ticket/pass," "invitation," and "specific item." Amendments to regulation 18946.1 would provide that a ticket is valued at face value only if an equivalent ticket was available, at the time of receipt, for purchase at face value. Otherwise, the value would be the cost to the donor. Amendments to regulation 18946.2 would provide that the value of the gift in attending invitation-only events is the pro rata share of the cost to the donor and codify an exception to for guests who receive limited benefits in attending the event ("drop-in rule"). Amendments to regulation 18946.4 would modify or eliminate the no value rule for tickets to 501(c)(3) fundraising events. The addition of regulation 18640 would codify the "drop-in" rule for lobbyist employer sponsored events. Amendments to regulation 18941.1 would reference the above changes with respect to payments of food. ***The Commission adopted the amendments, including Decision 1, Option 3; Decision 3, option 1, and other minor revisions.***
- 21. Pre-notice Discussion of Amendments to Regulation 18705.5-Materiality Standard: Economic Interest in Personal Finances.** Staff: Executive Fellow Theis Finlev and General Counsel Luisa Menchaca. The commission is considering amendments of regulation 18705.5, which contains the standards for determining whether a governmental decision has a material financial effect on a public official's economic interest. Regulation 18705.5 would be amended to include "appointments" and decisions which have "unique" financial effects as decisions by a public official that could trigger the materiality standard for determining conflicts of interest. ***The Commission approved the amendments for notice and adoption in May.***

Legal Opinions

- 22. In re St. Croix Opinion Request (O-04-226).** Staff: Commission Counsel Galena West and General Counsel Luisa Menchaca. The Commission will consider whether it will issue an

opinion addressing San Francisco's new Ranked-Choice Voting system. The specific opinion request pertains to the application of Government Code section 85501 to candidate sponsored mailings ranking candidates in a particular order for the voters. *Adopted.*

Resolutions

23. Adoption of Resolution Regarding Sections 84503 and 84506. Staff: Senior Commission Counsel C. Scott Tocher and General Counsel Luisa Menchaca. The Commission will consider adoption of a resolution addressing the enforceability of two advertising disclosure statutes, Government Code sections 84503 and 84506, as to general purpose ballot measure committees. *Adopted with revisions.*

Approval of Forms and Manuals

24. Approval of 2005 Campaign Manual Addendum. Staff: Technical Assistance Division Chief Carla Wardlow. Staff will request approval of the 2005 Addendum to Campaign Manuals C, D, and E. *Approved.*

Regulatory Calendar

25. March 2005 Work Plan Revisions. Staff: Assistant General Counsel John W. Wallace and General Counsel Luisa Menchaca. Revisions to the Commission's regulatory and special projects calendar are proposed. In addition, an update of the section 1090 project is included. The Commission reviews the work plan on a quarterly basis. *Approved.*

Legislation

26. Legislative Report. Staff: Executive Director Mark Krausse. *The Commission approved the staff recommendations.*

DISCUSSION ITEMS

27. Executive Director's Report. Staff: Executive Director Mark Krausse. *Accepted.*

28. Litigation Report. Staff: General Counsel Luisa Menchaca and Senior Commission Counsel Larry Woodlock. *Accepted.*